

## Overview of Financial Performance: Analysis and Interpretation

### FINANCIAL STATEMENT REPORTING

HHS has prepared Departmentwide audited financial statements since FY 1996. Financial statements are also prepared for all OPDIVs (CDC's include ATSDR); the nine largest are audited. The audited OPDIVs account for virtually all HHS assets and expenditures. HCFA, FDA, CDC, and NIH do their own accounting and prepare their own financial statements. The Program Support Center (PSC) does the accounting and prepares the statements for the Office of the Secretary, Administration for Children and Families, Administration on Aging, Health Resources and Services Administration, Indian Health Service, Substance Abuse and Mental Health Services Administration and PSC. In addition to the Departmentwide audited statements, OMB only requires "stand-alone" audited financial statements for HCFA. However, HHS management believes that each OPDIV should take responsibility for its own financial management, and there is no better measure for financial accountability than a financial audit opinion from a professional independent third party. Therefore, we submit the financial statements of all but our smallest OPDIVs for voluntary audits. In order to complete our Departmentwide FY 1999 audit in a timely manner, audit resources were shifted. The result was that some OPDIV audits will not be completed until after the completion of the Departmentwide audit.

In this Accountability Report, HHS is presenting its Departmentwide FY 1999 audited financial statements. Readers are encouraged to refer to Section IV of this report for the actual financial statements, notes and supplemental schedules, and to the HHS FY 1998 Accountability Report for FY 1998 audited financial statements.



#### Definitions of Financial Statement Asset Categories

**Entity Assets** are those assets which the reporting entity holds and has the authority to use in its operations.

**Non-entity assets** are those assets which the reporting entity holds but does not have the authority to use in its operations.

**Intragovernmental assets** are those assets that arise from transactions among Federal agencies.